

February 13, 1975

PRESIDENT: Senator Duis.

SENATOR DUIS: Well I have all the confidence in the world. But when you make the negotiation at a base price this is a great deal like the old World War II addage of cost plus. I would say cost plus might be a good idea, but when they say cost plus, if it went down it would be cost plus. What we're doing here we're allowing a negotiation at a given figure which becomes the lowest price possible and allowing escalation, whereas we don't allow a de-escalation should the manufacturer . . . say you bid in something at \$25,000 plus escalation. There wasn't escalation but say it cost \$3,000 less - you wouldn't get it for \$22,000. You'd still have to pay the \$25,000. Is that correct?

SENATOR STONEY: I imagine that could be conceived correct.

PRESIDENT: Senator Duis, could the Chair say something to you sir. The word escalation has been removed from the bill. It was there the other day. It isn't even in there. It's negotiation and negotiation means either up or down.

SENATOR DUIS: I didn't understand that from his explanation of the amendment.

PRESIDENT: The word escalation was stricken from the bill for the very reason that I think Senator Duis brought up the other day. Is that correct Senator Stoney?

SENATOR STONEY: That's correct. I might also add that the President of this House was so kind as to help us with this amendment. I appreciate his help and assistance at this time.

PRESIDENT: Senator Cavanaugh.

SENATOR CAVANAUGH: Mr. President, I raised some of the questions the other day. I think that this is a good amendment as the President explained Senator Duis. This is a substantial change from what we had the other day. We are no longer dealing with cost plus situations, or even escalation clauses. We're dealing now with situations where no fixed price can be ascertained prior to bid. If that is the situation, then they can proceed to negotiate with the manufacturer up to the point that a fixed price can be determined. We're not talking about escalating costs or price, we're talking about negotiation up to the point where the cost or price can be determined. Then council is still free to accept or reject it at that point.

PRESIDENT: Senator Duis.

SENATOR DUIS: Well I thank you very much Senator Cavanaugh and I appreciate that, also Senator Dworak. All I had reference to . . . if I recall . . . one time when General Electric made contracts with everybody for generators and then they had to be sued and all this, and they had to be returned, and so on down the line. I wanted to make sure and I thank you very much for your explanation.

PRESIDENT: The Chair would like an explanation . . . or like to explain something. As your presiding officer I take no interest in legislation. When this discussion was going on the other day, as a past city attorney for a number of years for a city of the first-class, I did visit with some of the people. I hope some of the language was cleared up. I don't want any members to think that this is the usual